

HOW TO GET THE JOB DONE
IN VEGETABLE MARKETING

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It's always a pleasure to get back to Kentucky and today more than most. I've just checked the map and I'm far enough away from my home in Kentucky and from Columbus, Ohio, to qualify as an expert. And, an expert is . . .

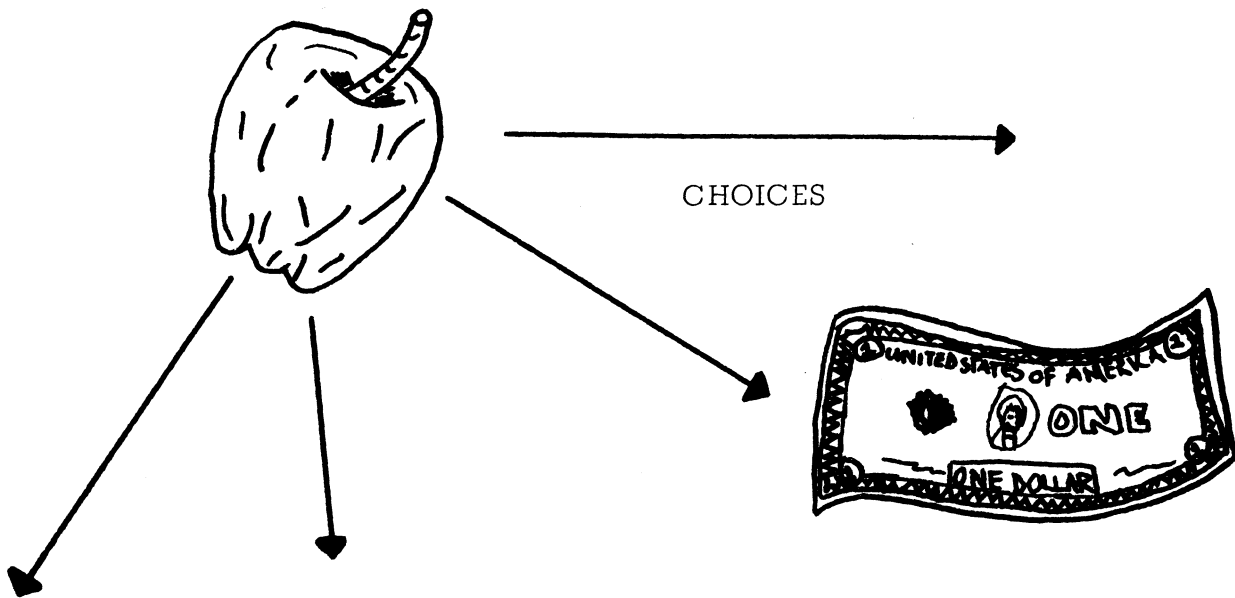
Your program committee assigned a difficult task to me, "How to Get the Job Done in Vegetable Marketing." It is difficult because there is no one answer -- it's just not like an arithmetic problem where you can look up the answer at the end of the chapter. Whenever people deal with people there are many answers that may be correct and many that may be wrong. I'm going to give more observations than answers. I will assume that the major determining factor for each of you is the net income left at the end of the season, not how do I get the highest price for my beans.

In the first place, each of you has a unique situation (Figure 1). Your capabilities and likes and dislikes differ from others in this room or from producers of other farm products. At times I have suspected that you have to be a little bit crazy to produce vegetables for commercial sale. Your

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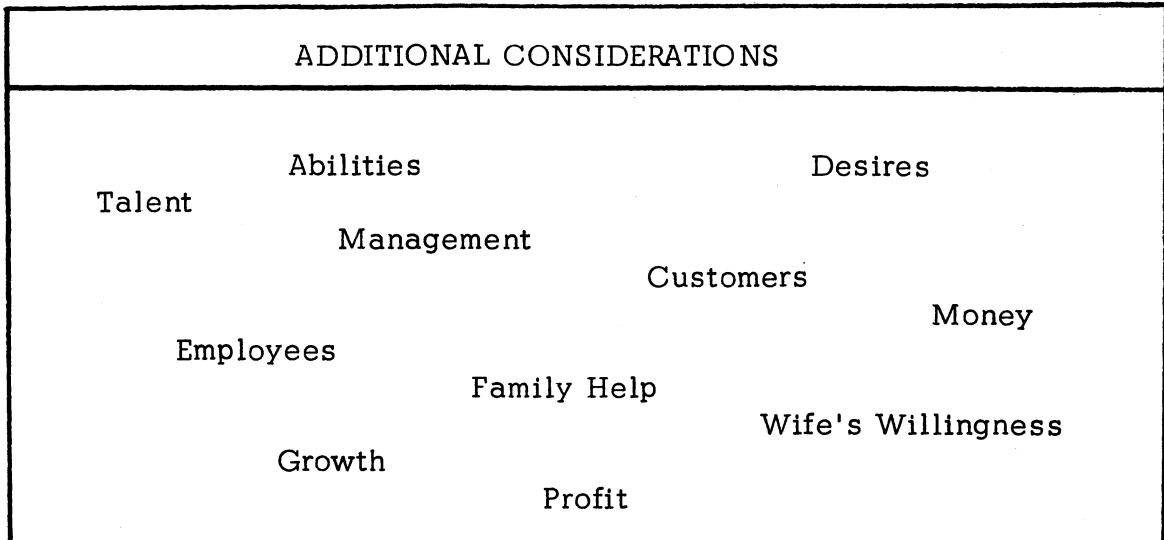
Figure 1



farm differs from that of your neighbors and even more from that of more distant producers (Figure 2). Even one field on your farm differs greatly from another. Some of you have more irrigation and other equipment than others, partly because of differences in individual preferences. A different plan is needed for each farm and farmer because each has different strengths and weaknesses. Available capital, labor and management supplies differ along with acreage and quality of land.

You may say, "But this is production, not marketing." I think not. Since the object of production is for use or for sale, marketing decisions start before planting. In fact, I would say that the most important marketing decisions are made before planting in deciding what to plant, how much to plant, when to plant, where to plant and in deciding where and who to sell to.

Figure 2



What to plant --

- a. Crop. In the past few years the important decision for some was whether to plant vegetables or concentrate resources on grain. Some quit growing vegetables and increased their net income.
- b. What vegetable? In most areas there is a season when a particular vegetable or vegetables find a market between peak harvest seasons of competing production areas.
- c. What variety or cultivar? At any one season, the market has a preference for a particular variety or type of each vegetable. If you are lucky this is the one that yields well on your farm. Most growers I know are continually trying out new varieties or strains-- a limited variety testing operation. Keeping one eye on the market price per unit and the other on yield per acre and grade quality is difficult, but it has to be done. Quality is many things, but for

you the main thing is that market quality is whatever the market pays for. You get nowhere in disagreeing with the market.

How and where to sell -- There are a half dozen fairly common and distinct ways of selling. Three are wholesale and three retail. I will discuss the wholesale as a group and retail methods separately (Figure 3).

Figure 3

WHOLESALE SALE

LOCAL SHIPPER OR PACKINGHOUSE
CITY WHOLESALE MARKET DEALER
CHAIN STORE WAREHOUSE
ROUTE TO SUPERMARKETS AND STORES

RETAIL SALE

PICK-YOUR-OWN
ROADSIDE STAND OR MARKET
FARMER MARKET LOCATED IN CITY

I want to digress for a few minutes. Planning as discussed above is impossible without good information. Unless you know what different vegetables and different varieties do on your farm and on your markets, you can't plan -- you can only guess. A few bushels or hundredweight of salable product per acre or a few cents difference in market price can be highly significant in the net income per acre from different varieties. The only way I know of having information for planning next year is to write it down this year. Good production and grading records are as important as financial records in marketing. Of course, you have to use the information after you keep it. I tell my marketing class that the most important piece of marketing equipment is the pencil. More money is lost by failure to use a pencil than any other tool available.

What are some other sources of market information and assistance?

One is the Federal Market News Report for the nearest large market. Louisville, Cincinnati, Nashville, St. Louis, Indianapolis and Memphis all have market reports. Most of these have annual summaries that you can get. The reports are of some help during the marketing season, but can be of even greater use when you can look back to see when the high prices and low prices usually come. If you really analyze them you can make more money per hour of your time in midwinter in front of the fire than during the production season.

Another source of help, a different type of help, is the county and state Cooperative Extension Service. Extension workers observe many farm

operations and usually know which varieties, practices and market packs are most acceptable and which are less. They are as near as you phone and willing to be of help.

Dealers -- Because dealers are an interested party to marketing activity, we sometimes feel that their biases will spoil their value as a market information source. While it is true that you can't believe all that you hear, a hardheaded and trustworthy dealer is usually your best single source of market information. Many of the growers that I know talk with their dealers before they plant to get guidance on what to plant, when to plant, acreage to plant, as well as on container type, pack type, etc. Another and often more important result of this working with your dealers is the chance to convince him that your produce is the best or the most reliable source or the most durable or the least expensive or whatever you feel he will react to. Basically, he wants to deal where he can make the most dollars.

The dealer also likes to deal with those he likes and trusts. Much of trading in produce, as well as in other items, is done with persons or firms because of personal liking and trust, rather than price or observable quality of the product in a particular shipment. This is especially true in periods when there is a glut in market supplies. In order to establish this relationship with your dealer, you must listen as well as talk and recognize his faults without letting these faults blind you to his strengths. It is not easy. But, if you can't establish this liking and trust for your dealer, you should look for another. For instance, a chain buyer rejects on a questionable basis

a load of produce you have delivered to his warehouse. I believe it is a mistake to let this become a major determinant in your future marketing program. It probably had little to do with you personally, and perhaps little to do with the quality of your produce. It may have been a combination of things -- the price had dropped, the printout for the latest period came out from the main office showing a gross of only 29% instead of 35% on produce sales and the boss had called him in to chew him out about this. As a result, he was looking hard to find something wrong with the load. If you can keep cool in these instances, and learn from them, it will pay good dividends. Of course, in a situation like this, you want to be the one whose load is taken, not the one rejected.

And now for a suggestion for a major change in marketing emphasis. Each of you should consider the possibility for more retail sales. I am sure that you already have a considerable volume of roadside or farm retail selling in most areas of Kentucky. However, I doubt that the potential for direct retail selling has been reached in any area of the state. There is an enormous potential for direct retail sale in any area of the state.

One or more of three methods of direct sale should be considered. They are the pick-your-own sale, the regular roadside market or stand, and the farmer market (located in the city). I might add rent-a-garden projects as another means of catering directly to consumer needs.

This gives me a chance to put in a plug for the Ohio Roadside Marketing Conference at the Columbus Hilton Inn, January 4-6, 1976. We bring successful operators from all parts of the U.S. and Canada as speakers.

Pick-your-own selling is the most direct method possible. Pick-your-own is also the most rapidly growing sales method for vegetables. It has long been the favorite method of selling strawberries and some tree fruits, but more recently it has been tried for all fruits and vegetables with apparent success. Melons are one exception. It is surprising how far people will travel to pick fresh produce and how much they will pay for the privilege. They compare all prices with the retail price, which is two to four times the farm price. This gives you quite a leeway in pricing. Some pick-your-own sell at retail, some at wholesale, and most in between these.

The second major sales method, the roadside stand type of sale, is quite old as a method of selling, and is still satisfactory as an outlet for many vegetable growers today. This is a more specialized business and one where success depends not only on a marketable product but also on a sensitivity to consumers and their needs and on the ability to interact with consumers. You have to be able to appreciate and to communicate with all types of consumers and their sometimes impossible demands to be really effective as a roadside market operator. Lest I seem to say you have to be a supersalesman, I would observe that some of the more successful market operators hate being in the market personally and I suspect hate customers, but they understand them and how to give them what they want.

The third type of direct retail sale is the oldest and the one most in use in the world today -- the farmer market where several farmers band together to offer their product for sale in the city or village. This form of

selling practically disappeared in the U.S. in the period after World War II, but in the past five years it has made an amazing comeback. Literally hundreds have been formed in the northeast and midwest.

Market facilities for display and sale vary from unpaved parking lots that are used one night a week to completely enclosed markets that have sales three nights a week. A few are still morning markets, especially Saturday, but most open in the afternoon, sometimes as late as 6 p.m. and go to 9 or 10 p.m. Ownership and control varies from private owners, through coops and municipalities. Some supermarkets sponsor such markets in their parking lots for one or two days a week.

Some of these markets have closed, but many have been successful. I am sure that more new ones will be formed next year. Some roadside stand operators also sell at retail in one or more of these city-based farmer markets. The volume of sale in some of these is unbelievably high. In one market near Pittsburg, over 2000 cars are handled in an evening. One grower uses as many as 12 clerks during the 6:30 to 10 p.m. period, and moves as much as four truckloads of produce a session, Monday, Wednesday and Friday. A major problem is in getting enough growers to service these markets.

Each of these methods of retail selling requires additional management and labor. If you sell an item that wholesales at the farm for \$1.00 to a retail customer at your market for \$1.50, you're increasing your gross income by one-half. There is no way you can increase the size of your business by 50% without increasing its management needs. Where there is sufficient

management ability available in the family, for instance a wife who is willing and able, there is no problem; but in many families there is no such talent available. In these cases, the farmer may train someone already there (family or employee), attempt to hire added management (a difficult task for a seasonal operation), or spread himself thinner and work longer hours. The use of wife and/or children is the most common and most successful.

Another way of handling the larger retail business is to cut back on production and rent the land not needed for vegetable production for retail sales to a neighbor for grain or other crops. This releases time needed by the farmer in supervising the retail market. I did have a market operator who took my advice and did this three or four years ago tell me this fall that when soybeans got to \$10 and corn to \$3.50 soon after he rented his land out that he had some doubts about the soundness of my advice. However, the alternative solution of spreading the farmer's time too thin with a poor job of both vegetable production and retailing is much worse, in my opinion. Both the farm and the market need good management.

I could continue talking about retail selling all day, but mainly I wanted to recommend that you seriously look at retailing as a sales alternative and as a possible way of enlarging your business and increasing your net income.

Suppose we use our pencil briefly to make a rough comparison of some of the alternative methods of sales (Figure 4).

Figure 4

WHOLESALE BY MARKETING AGENCY

	<u>Whole- sale</u>	<u>Pick- Your-Own</u>	<u>Roadside Market</u>	<u>Farmers Market</u>
PRODUCTION COSTS	_____	_____	_____	_____
HARVEST	_____	_____	_____	_____
STORAGE	_____	_____	_____	_____
GRADING AND PACKING	_____	_____	_____	_____
DELIVERY--TRANSPORT	_____	_____	_____	_____
SELLING EXPENSE	_____	_____	_____	_____
SELLING PRICE	_____	_____	_____	_____
NET RETURN	_____	_____	_____	_____

In closing, I want to emphasize again that marketing decisions are highly individual decisions since each grower situation differs. Your success depends on the right combination of good production and good marketing for your particular situation. Good production practices and product quality make marketing easier. A good marketing job will offset some of the effects of poor production. Most of us change what we are doing only when things are not going too well, but you don't have to wait for this situation. Whether you are happy or unhappy with your present situation, I hope you will look at some of the alternatives I've mentioned. There are highly successful growers who wholesale all their crop and others who retail all of it, and some who sell both ways.

Again, if you are interested in direct farm retail selling, or think you may be interested later, I hope you will attend our Ohio Roadside Marketing Conference, January 4-6, 1976. I will guarantee you will enjoy it and I am reasonably certain it will repay you the cost of the trip many times over.